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## OLR Bill Analysis

### HB 6337

#### ***AN ACT CONCERNING THE UNIFORM COMMERCIAL CODE AND THE ELECTRONIC FUND TRANSFER ACT.***

#### **SUMMARY:**

Currently, state law (Uniform Commercial Code (UCC) Article 4A) generally governs commercial fund transfers unless any part of the transfer is governed by the federal Electronic Fund Transfer Act of 1978 (EFTA). EFTA applies to remittance transfers, but in some circumstances, EFTA's provisions do not govern all parts of such transfers. This bill (1) allows state law to apply to any portion of a remittance transfer that is not covered by EFTA but (2) requires EFTA to apply if there is any inconsistency between EFTA and state law.

EFFECTIVE DATE: Upon passage

#### **REMITTANCE TRANSFERS AND ELECTRONIC FUND TRANSFERS**

Federal law defines a remittance transfer as the electronic transfer of funds, to a designated recipient, that is initiated by a remittance transfer provider at the request of a sender located in any state whether or not the (1) sender holds an account with the remittance transfer provider or (2) remittance transfer is also an electronic fund transfer (15 U.S.C. § 1693o-1)).

The bill applies state law (specifically UCC Act, 4A) to the above types of remittance transfers, but does not apply if the remittance transfer is covered by EFTA as an electronic funds transfer. Under EFTA, an electronic funds transfer is any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or

authorize a financial institution to debit or credit an account (15 U.S.C. § 1693a).

## **BACKGROUND**

### ***Uniform Commercial Code Article 4A***

Article 4A of the Uniform Commercial Code governs funds transfers. It establishes the rights and responsibilities of the parties to a funds transfer, including payment obligations among the parties and allocation of risk of loss for unauthorized or improperly executed payment orders. Article 4A was drafted principally to govern fund transfers involving commercial entities (CGS § 42a-4A, et seq.).

### ***EFTA***

EFTA (P.L. 95-630) provides a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund and remittance transfer systems. Its primary objective is the provision of individual consumer rights (15 U.S.C. § 1693 et seq.).

### ***Dodd-Frank Act Amendments***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-2013) amended EFTA to create new protections for consumers who send remittance transfers, including transfers to designated recipients located in a foreign country.

## **COMMITTEE ACTION**

Banks Committee

Joint Favorable

Yea    17    Nay    0    (03/14/2013)